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Fifteenth Annual Report

OF THE

Maryland Racing Commission

TO

THE GOVERNOR OF MARYLAND

1934

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FIFTEENTH ANNUAL REPORT

OF THE

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MARYLAND RACING COMMISSION

BOARD

JERVIS SPENCER, JR., *Chairman*
EDWIN WARFIELD, JR.
JOHN F. MUDD

STAFF

JAMES F. HAYWARD.....*Secretary*
MRS. WM. CHESNUT.....*Stenographer*
CARLOS M. DE GARMENDIA.....*Judge-at-Large*
HOWARD L. CALLIS.....*Auditor*
DOUGLAS C. TURNBULL.....*General Inspector*
JOHN P. NIXON.....*Inspector*
CHARLES S. EARLY.....*Inspector*
WILLIAM A. MENTZEL.....*Inspector*

FIFTEENTH ANNUAL REPORT

OF THE

MARYLAND RACING COMMISSION

To His Excellency, Albert C. Ritchie,

Governor of Maryland.

The Maryland Racing Commission respectfully submits herewith its report for the year ending December 31, 1934, with the account of the receipts and disbursements of the Commission and the account of the receipts and disbursements of the four licensees of the Commission operating the one-mile tracks.

The Associations operating these tracks have suffered during the past year from greatly increased competition in other states and from decreased returns both from admissions and from pari-mutuel operation.

To meet this situation, the Commission during the past two years has authorized a substantial reduction in the purses offered to horse owners and during the past year has authorized the Associations to take an additional 1% from all pari-mutuel wagers. In spite of these concessions the tracks have made very little money.

During the coming year the competition from other states will obviously be greatly increased and it is doubtful if the Associations can attract the better class of horses with the purses they can afford to give under existing conditions. Deterioration of the sport will inevitably result and seriously endanger the revenue the State has heretofore received from this source.

It is our deliberate opinion, reluctantly arrived at, that to save racing in the State there must be a revision downward of the taxes paid under the present law, so that the tracks will

be in a position to increase purses to meet the outside competition.

Racing has been a great benefit to the State and is worth saving.

The tax on wagers must be moderate or it will inevitably defeat its own purpose. Both the attendance and the pari-mutuel play will be adversely affected if too heavy a burden is placed on the pari-mutuel turnover, with a consequent decrease instead of increase in revenue.

The cost of membership in the National Association of State Racing Commissioners, and the adoption of the saliva test to detect any violation of the rules against doping or stimulating horses, have added somewhat to the expenses of the Commission, but these remain well below the amount authorized by existing law.

Respectfully submitted,

JERVIS SPENCER, JR., *Chairman*,
EDWIN WARFIELD, JR.,
JOHN F. MUDD.

STATEMENT OF MARYLAND RACING COMMISSION
(For Year 1934)

RECEIPTS

County Fairs, 36 days racing at $50.00 per day		$1,800.00
Harford Agricultural and Breeders' Association:		
25 days racing at $6,000 per day	$150,000.00	
1 per cent tax on money wagered	59,774.16	
15 per cent of net revenue	6,973.28	
		216,747.44
Maryland State Fair, Incorporated:		
25 days racing at $6,000 per day	$150,000.00	
1 per cent tax on money wagered	55,661.49	
15 per cent of net revenue	3,964.33	
		209,625.82
Maryland Jockey Club of Baltimore City:		
25 days racing at $6,000 per day	$150,000.00	
25 days racing at $3,000 per day, account of Baltimore County	75,000.00	
1 per cent tax on money wagered	75,785.00	
15 per cent of net revenue	8,705.90	
		309,490.90
Southern Maryland Agricultural Association:		
25 days racing at $6,000 per day	$150,000.00	
1 per cent tax on money wagered	61,857.32	
15 per cent of net revenue	9,389.32	
		221,246.64
License Fees—Trainers and Jockeys		1,566.00
Registration Fees:		
Agents	$84.00	
Assumed names	50.00	
Colors	276.00	
		410.00
Total receipts		$960,886.80

STATEMENT OF MARYLAND RACING COMMISSION
(For Year 1934)

EXPENSES

Commission's salary	$8,560.00	
Office salaries	4,984.00	
Salaries and expenses of Commission's employees for county fairs	228.10	
Premiums on Chairman's, Commissioners' and Secretary's bonds	1,550.00	
Automobile and train hire	1,342.50	
Travel and miscellaneous expense for Commission and employees	1,131.66	
Office expense—miscellaneous	108.02	
Office supplies—stationery and printing	114.65	
Office rent	1,508.64	
Telephone and telegraph	159.19	
Subscriptions and dues	310.45	
Expenses in connection with saliva and other tests	819.70	
Paid to county treasurers	1,800.00	
Paid to Treasurer of Baltimore County:		
25 days racing license fees at $3,000 per day	75,000.00	
Net balance to Treasurer of State of Maryland	863,269.89	
Total		$960,886.80

HARFORD AGRICULTURAL AND BREEDERS' ASSOCIATION, INCORPORATED

Statement of Income and Surplus for the Year Ended October 31, 1934

REVENUE

Admissions:		
General	$164,398.50	
Club house	11,520.50	
Boxes	1,927.50	
Pari-mutuel commissions and breakage	472,159.90	
Programs—net	8,190.30	
Concessions	12,900.00	
Interest:		
Liberty loan bonds	9,307.50	
Leads to post	20.00	
Total		$680,424.20

*EXPENSES

State license—25 days at $6,000 each			$150,000.00	
State tax on pari-mutuel sales			59,774.16	
Stakes and purses			190,000.00	
Awards to breeders			4,750.00	
Pari-mutuel expenses:				
Salaries and wages			78,996.30	
Stationery and printing			11,657.75	
Transportation of money			1,895.00	
Cash shortages—net			382.09	
Miscellaneous			1,075.00	
Salaries and wages of racing officials and employees			29,915.00	
Wages of temporary track employees			10,824.20	
Services of detective agency			10,500.11	
Ambulance and hospital service			500.00	
Rental of starting stalls			1,250.00	
Music and announcing			1,430.04	
Advertising and publicity service			13,741.93	
Officers' salaries and directors' compensation:				
M. H. Fahey:				
Salary as president	$2,400.00			
Compensation as director	800.00			
		$3,200.00		
Edward Burke:				
Salary as vice-president and treasurer	$15,000.00			
Compensation as director	800.00			
		15,800.00		
Carried forward		$19,000.00	$566,691.58	$680,424.20

Brought forward		$19,000.00	$566,691.58	$680,424.20
Richard Reid Rogers:				
Salary as secretary	$1,600.00			
Compensation as director	800.00			
		2,400.00		
Patrick Carroll, director		800.00		
E. F. Simms, director		800.00		
Total			23,000.00	
Salaries of regular track employees			9,900.00	
Salaries of clerks—New York City			600.00	
Repairs and maintenance			4,537.33	
Tools and supplies			1,660.23	
Team hire			1,282.00	
Heat, light, and water			2,158.27	
Taxes—real estate, franchise, personal property, Federal capital stock, etc.			7,989.74	
Insurance premiums			12,101.38	
Rent			250.00	
Stationery, printing, and postage			3,887.21	
Telephone and telegraph			1,358.73	
Professional services			1,338.59	
Donations:				
Charity Relief Committee, Harve de Grace, Maryland		$100.00		
Harve de Grace Hospital		1,000.00		
Susquehanna Hose Company, Inc.		100.00		
Total			1,200.00	
Doubtful accounts receivable written off or provision therefor			492.00	
Loss on sale of investments			1,000.50	
Miscellaneous			3,406.59	
Total				$642,854.15
***Net Income for the Year**				**$37,570.05**

Net Income for the Year—brought forward	$37,570.05

SURPLUS CREDIT

Pari-mutuel tickets outstanding applicable to meetings of the fiscal year 1931, credited to surplus	7,718.45
***Gross Surplus for the Year**	**$45,288.50**

SURPLUS CHARGES (exclusive of dividends)

Federal tax on income for the preceding calendar year	$1,430.01	
Additional Federal tax on income for the calendar year 1931 and interest thereon	1,341.29	
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended October 31	9,162.68	
Provision for depreciation for the preceding calendar year, as determined by the association	24,316.71	
Total		$36,250.69
Surplus for the Year, Before Dividends		**$9,037.81**
Dividends Paid		**70,000.00**
Deficit for the Year		**$60,962.19**

NOTATIONS:

*Exclusive of or before provision for depreciation, Federal income tax, and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property and Federal tax on income for the ten months ended October 31, 1934, for license fee or tax of 15% of net taxable revenue for the year ended October 31, 1934, amounting to $6,973.28, or for Federal capital stock tax accrued for the period from July 1 to October 31, 1934.

Statement Showing Computation of Net Revenue for the Year Ended October 31, 1934, Taxable by the Maryland Racing Commission

Deficit for the Year		**$60,962.19**
Amounts which were deducted in determining deficit for the year, but which are not allowed by the commission in computing net taxable revenue:		
Federal tax on income:		
Year ended December 31, 1933	$1,430.01	
Additional tax for year ended December 31, 1931, and interest thereon	1,341.29	
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended October 31, 1933	9,162.68	
Provision for depreciation for the year ended December 31, 1933, as determined by the association	24,316.71	
Dividends paid	70,000.00	
Donations	1,200.00	
Total		107,450.69
Net Revenue for the Year Ended October 31, 1934, Taxable by the Commission		**$46,488.50**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended October 31, 1934		**$6,973.28**

CERTIFICATE

MARYLAND RACING COMMISSION:

We have examined the accounts of the Harford Agricultural and Breeders' Association, Incorporated, for the year ended October 31, 1934, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 1, 1934.

THE MARYLAND STATE FAIR, INCORPORATED

Statement of Income and Surplus for the Year Ended November 1, 1934

REVENUE

Admissions:		
General	$117,822.00	
Club house	11,324.00	
Paddock	1,989.50	
Boxes	1,965.00	
Membership dues	1,625.00	
Pari-mutuel commissions and breakage	442,067.00	
Programs—net	8,404.97	
Concessions	15,250.00	
Interest:		
Note receivable from director	2,349.32	
Rent	180.00	
Sale of manure	1,172.00	
Total		$604,148.79

*EXPENSES

State license—25 days at $6,000 each	$150,000.00	
State tax on pari-mutuel sales	55,661.49	
Stakes and purses	189,675.00	
Awards to breeders	3,500.00	
Pari-mutuel expenses:		
Salaries and wages	53,697.00	
Stationery and printing	9,638.04	
Insurance on money	801.30	
Cash shortage—net	109.81	
Miscellaneous	1,106.74	
Salaries and wages of racing officials and employees	34,527.65	
Services of detective agencies	3,804.00	
Ambulance service	175.00	
Rent of starting stalls	1,250.00	
Wages of track employees	12,914.00	
Advertising and publicity service	5,924.91	
Officers' salaries:		
A. J. Cummings, president $8.000.00		
F. J. Brady, secretary-treasurer 8,000.00		
Total	16,000.00	
Office salaries	2,297.00	
Repairs and maintenance of property	4,617.86	
Automobile and tractor expense	767.66	
Water, heat, and light	929.89	
Taxes—real estate, franchise, personal property, Federal capital stock, etc.	16,891.28	
Insurance premiums—net	8,325.56	
Forward	$572,614.19	$604,148.79

Brought forward		$572,614.19	$604,148.79
Office rent—New York		3,000.00	
Stationery and printing		2,666.26	
Telephone and telegraph—net		539.47	
Professional accounting services		860.07	
Donations:			
Reverend Joseph A. Meyer	$2,000.00		
The Howard County Public Health Association, Incorporated	250.00		
Total		2,250.00	
Provision for doubtful accounts receivable from horsemen		811.01	
Expenses of State police		397.15	
Miscellaneous		1,720.62	
Total			584,858.77
***Net Income for the Year**			**$19,290.02**
SURPLUS CREDITS			
Pari-mutuel tickets outstanding applicable to the meeting of the year 1931, credited to surplus		$4,888.85	
Profit on sale of fully-depreciated capital asset (sale of material from demolished building)		50.00	
Total			$4,938.85
***Gross Surplus for the Year**			**$24,228.87**
SURPLUS CHARGES (exclusive of dividends)			
Additional Federal tax on income for the calendar year 1931 and interest thereon		$3,707.62	
License fee or tax of 15% of net taxable revenue for the preceding year ended November 1		6,486.81	
Provision for depreciation for the preceding calendar year as determined by the company		33,237.55	
Total			$43,431.98
Deficit for the Year, Before Dividends			**$19,203.11**
Dividends Paid, February 9, 1934			**50,000.00**
Deficit for the Year			**$69,203.11**

NOTATIONS:

*Exclusive of or before provision for depreciation, Federal income tax (if any), and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property and Federal tax on income (if any) for the period from January 1 to November 1, 1934, for license fee or tax of 15% of net taxable revenue for the year ended November 1, 1934, amounting to $3,964.33, or for Federal capital stock tax accrued for the period from July 1 to November 1, 1934.

The foregoing statement is subject to adjustment for additional assessments of Federal tax on income for the years 1932 and 1933, amounting to approximately $3,700.00 and interest thereon, and for reduction of provision for depreciation for the years 1931, 1932, and 1933, amounting to approximately $53,000.00, based on findings of the Bureau of Internal Revenue.

Statement Showing Computation of Net Revenue for the Year Ended November 1, 1934, Taxable by the Maryland Racing Commission

Deficit for the Year		**$69,203.11**
Add—Profit on Sale of Capital Asset, Not Taxable by the Commission		**50.00**
Total		**$69,253.11**
Amounts which were deducted in determining deficit for the year, but which are not allowed by the commission in computing net taxable revenue:		
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended November 1, 1933	$6,486.81	
Additional Federal tax on income for the calendar year 1931, and interest thereon	3,707.62	
Provision for depreciation for the year ended December 31, 1933, as determined by the company	33,237.55	
Dividend paid February 9, 1934	50,000.00	
Donations	2,250.00	
Total		95,681.98
Net Revenue for the Year Ended November 1, 1934, Taxable by the Maryland Racing Commission		**$26,428.87**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended November 1, 1934		**$3,964.33**

CERTIFICATE

MARYLAND RACING COMMISSION:

We have examined the accounts of The Maryland State Fair, Incorporated, for the year ended November 1, 1934, and, subject to the fact that the corporate minutes were not made available for our inspection, in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 19, 1934.

THE MARYLAND JOCKEY CLUB OF BALTIMORE CITY

Statement of Income and Surplus for the Year Ended November 30, 1934

REVENUE

Admissions:		
General	$181,076.52	
Club house	17,027.50	
Paddock	2,294.50	
Boxes	7,640.00	
Membership dues and initiation fees	16,225.00	
Pari-mutuel commissions and breakage	600,479.10	
Programs—net	11,934.96	
Concessions	6,525.00	
Profit from operation of catering service, etc.—net	9,198.73	
Rent:		
Real estate	5,574.82	
Equipment	2,400.00	
Miscellaneous	1,148.91	
Total		$861,525.04

*EXPENSES

State license—25 days at $6,000 each			$150,000.00	
Baltimore County license—25 days at $3,000 each			75,000.00	
State tax on pari-mutuel sales			75,785.00	
Stakes and purses			216,400.00	
Awards to breeders			4,750.00	
Pari-mutuel expenses:				
Salaries and wages			65,828.00	
Stationery and printing			1,848.85	
Transportation of money			1,125.00	
Cash shortage—net			813.94	
Odds and results board operating expense			7,500.00	
Rent of totalisator			30,000.00	
Salaries and wages of racing officials and employees			36,797.20	
Services of detective agencies			2,628.35	
Ambulance service			375.00	
Music			249.00	
Advertising and publicity service			2,239.41	
Officers' salaries, directors' compensation, and legal retainer fees:				
C. E. McLane:				
Salary as president	$2,000.00			
Compensation as director	30.00	$2,030.00		
R. J. Walden:				
Salary as vice-president	$1,500.00			
Compensation as director	30.00	1,530.00		
Forward		$3,560.00	$671,339.75	$861,525.04

Brought forward		$3,560.00	$671,339.75	$861,525.04
M. L. Daiger:				
Salary as secretary	$10,500.00			
Compensation as director	30.00			
		10,530.00		
F. G. Riggs:				
Salary as treasurer	$4,499.99			
Compensation as director	30.00			
		4,529.99		
Compensation as director:				
F. J. Bryan		30.00		
D. S. Gittings		30.00		
Cary T. Grayson		30.00		
S. S. Janney		10.00		
Lawrason Riggs		30.00		
Ral Parr		10.00		
J. M. Dennis		10.00		
Janney, Ober and Williams—legal retainer fees		3,500.00		
Total			$22,269.99	
Office salaries			2,317.54	
Rent of track property, including amortization of cost of renewing lease			28,100.00	
Provision for amortization of improvements to leased property, as determined by the company			44,477.84	
Wages of regular track employees			12,483.40	
Repairs and maintenance of property			22,457.22	
Tools and supplies			1,070.29	
Auto hire			1,027.00	
Water, heat, and light			3,539.03	
Taxes—real estate, personal property, franchise, Federal capital stock, etc.			23,672.32	
Insurance premiums			18,261.90	
Stationery and printing			3,959.41	
Telephone and telegraph			331.18	
Professional accounting and tax services			1,357.51	
Interest on loans			148.60	
Rental of starting stalls			1,250.00	
Miscellaneous			1,698.17	
Total				$859,761.15
***Net Income for the Year**				**$1,763.89**

Net income for the Year—brought forward		$1,763.89
SURPLUS CREDITS		
Pari-mutuel tickets outstanding applicable to the meetings of the year 1931, credited to surplus	$7,270.55	
Recovery from tenants of real estate taxes applicable to prior years, $4,700.93, less legal expenses in connection therewith, $1,010.00	3,690.93	
Total		10,961.48
***Gross Surplus for the Year**		**$12,725.37**
SURPLUS CHARGES (exclusive of dividend)		
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended November 30	$535.00	
Loss on sale of loud speaker equipment	5,085.00	
Total		$5,620.00
Surplus for the Year, Before Dividend		**$7,105.37**
Dividend Paid June 5, 1934		**13,620.00**
Deficit for the Year		**$6,514.63**

NOTATIONS:

*Exclusive of or before provision for State license fee or tax of 15% of net taxable revenue.

The above statement does not include:

Provision for depreciation of buildings and miscellaneous property.

License fee or tax of 15% of net taxable revenue for the year ended November 30, 1934, amounting to $8,705.90.

Provision for Federal capital stock tax accrued for the period from July 1 to November 30, 1934.

Portion of profit or loss applicable to the investment in capital stock of Maryland State Fair and Agricultural Society of Baltimore County, Maryland, an affiliated company.

Statement Showing Computation of Net Revenue for the Year Ended November 30, 1934, Taxable by the Maryland Racing Commission

Deficit for the Year		**$6,514.63**
Amounts which were deducted in determining deficit for the year, but which are not allowed by the Commission in computing net taxable revenue:		
Provision for amortization of improvements to leased property for the year ended November 30, 1934, as determined by the company	$44,477.84	
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended November 30	535.00	
Loss on sale of loud speaker equipment	5,085.00	
Dividend paid June 5, 1934	13,620.00	
Interest on loans	148.60	
Excess of officers' salaries, directors' compensation, and legal retainer fees paid over amount allowable by the commission	687.49	
Total		64,553.93
Net Revenue for the Year Ended November 30, 1934, Taxable by the Maryland Racing Commission		**$58,039.30**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended November 30, 1934		**$8,705.90**

CERTIFICATE

MARYLAND RACING COMMISSION:

We have examined the accounts of the Maryland Jockey Club of Baltimore City for the year ended November 30, 1934, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 24, 1934.

THE SOUTHERN MARYLAND AGRICULTURAL ASSOCIATION OF PRINCE GEORGE'S COUNTY, MARYLAND

Statement of Income and Surplus for the Year Ended December 6, 1934

REVENUE

Admissions:			
General		$116,349.00	
Club house		8,890.50	
Paddock		1,389.50	
Boxes		3,420.00	
Pari-mutuel commissions and breakage		485,603.60	
Programs—net		10,477.81	
Concessions		14,069.75	
Interest on bank balances		180.46	
Miscellaneous		460.00	
Total			$640,840.62

*EXPENSES

State license—$6,000 per day		$150,000.00	
State tax on pari-mutuel sales		61,857.32	
Stakes and purses		156,700.00	
Awards to breeders		2,750.00	
Pari-mutuel expenses:			
Salaries and wages		70,560.00	
Stationery and printing		10,617.35	
Insurance on money		324.09	
Cash shortage—net		96.55	
Miscellaneous		605.46	
Salaries and wages of racing officials and employees		46,698.90	
Detective services		2,199.50	
Ambulance service		250.00	
Royalty for use of starting stalls		750.00	
Music and announcing		842.50	
Advertising and publicity service		5,735.62	
Officers' salaries, directors' compensation, and legal retainer fee:			
M. H. Magruder, president:			
Salary and counsel fee	$7,000.00		
Compensation as director	300.00		
		$7,300.00	
Wm. G. Brooke, Secretary:			
Salary	$2,000.00		
Compensation as director	300.00		
		2,300.00	
Forward		$9,600.00	$509,987.29 $640,840.62

Brought forward		$9,600.00	$509,987.29	$640,840.62
Thomas K. Lynch, treasurer and assistant manager—salary		6,826.84		
Joseph B. Boyle, general manager—salary		6,826.84		
C. Carter Hall:				
Compensation as director	$300.00			
Other compensation	1,250.00			
		1,550.00		
Compensation as director:				
James A. Bean		300.00		
James B. Berry		300.00		
W. Booth Bowie		300.00		
S. Gardiner Coale		300.00		
George S. Dove		300.00		
Frank M. Hall		300.00		
Guy W. Latimer		300.00		
Thomas N. Magruder		300.00		
Oliver S. Metzerott		300.00		
Ellis O. Middleton		300.00		
R. Lee Mulliken		300.00		
Harry Nalley		300.00		
Claude H. Owen		300.00		
George N. Palmer		300.00		
John W. Ryon		300.00		
William S. Ryon		300.00		
Frank Small, Jr.		300.00		
Total			29,903.68	
Other legal fees			601.56	
Office salaries			1,074.00	
Wages paid to regular track employees			8,744.50	
Repairs and maintenance			2,547.56	
Light, heat, etc.			951.80	
Taxes—real estate, personal property, franchise, Federal capital stock, etc.			8,977.40	
Insurance premiums			8,667.75	
Rent of offices			1,572.00	
Stationery and printing			3,577.94	
Telephone and telegraph			684.47	
Professional accounting services			1,503.52	
Interest on loans			103.13	
Donations:				
To sundry organizations in amounts ranging from $2.00 to $6.00			93.00	
Miscellaneous			2,825.84	
Total				$581,815.44
***Net Income for the Year**				**$59,025.18**

Net Income for the Year—brought forward		$59,025.18
SURPLUS CREDITS		
Pari-mutuel tickets outstanding applicable to meetings of the year 1931, credited to surplus	$5,034.65	
Excess of provision for awards to breeders over requirements, applicable to prior years	250.00	
Adjustment of provision for depreciation applicable to prior years	32,564.36	
Proceeds of insurance on property destroyed by fire (property not carried on the books)	8,500.00	
Collection of account receivable previously written off	47.50	
Total		$46,396.51
***Gross Surplus for the Year**		**$105,421.69**
SURPLUS CHARGES		
State of Maryland license fee or tax of 15% of net taxable revenue for the preceding year ended December 6	$1,696.11	
Provision for depreciation for the preceding calendar year (as determined by the association)	18,543.84	
Additional Federal tax on income for the calendar years 1931 and 1932	5,212.33	
Interest on additional Federal tax on income for the calendar years 1931 and 1932	498.08	
Uncollectable accounts receivable written off	180.00	
Payment of outstanding pari-mutuel tickets of year 1930, previously credited to surplus	26.70	
Total		$26,157.06
Surplus for the Year		**$79,264.63**

NOTATIONS:

*Exclusive of or before provision for depreciation, Federal income tax, and State license fee or tax of 15% of net taxable revenue.

No provision is included in the foregoing statement for depreciation of property and Federal tax on income for the period from January 1 to December 6, 1934, for license fee or tax of 15% of net taxable revenue for the year ended December 6, 1934, amounting to $9,389.32, or for Federal capital stock tax accrued for the period from July 1 to December 6, 1934.

Statement Showing Computation of Total Net Revenue for the Year Ended December 6, 1934, Taxable by the Maryland Racing Commission

Surplus for the Year		**$79,264.63**
Add:		
Amount of reduction in price of starting gate purchased in preceding year, through compromise settlement (original billing price of starting gate was allowed as a deduction in computing net taxable revenue for the year ended December 6, 1933)		145.00
Amounts which were deducted in determining surplus for the year, but which are not allowed by the commission in computing net taxable revenue:		
State of Maryland license fee or tax of 15% of net taxable revenue for the year ended December 6, 1933	$1,696.11	
Provision for depreciation for the year ended December 31, 1933, as determined by the association	18,543.84	
Additional Federal tax on income for the calendar years 1931 and 1932, and interest thereon	5,710.41	
Interest on loans	103.13	
Excess of officers' salaries, directors' compensation, and legal retainer fee paid or accrued over amount allowed therefor by the commission	6,603.68	
Donations	93.00	
		32,750.17
Total		$112,159.80
Deduct:		
Cost of new construction during the year (this amount is allowed by the commission as a deduction in computing net taxable revenue inasmuch as there is no surplus in current building fund)	$8,500.00	
Amounts which were added in determining surplus for the year, but which are not taxable by the commission:		
Adjustment of provision for depreciation applicable to the calendar years 1931 and 1932	32,564.36	
Proceeds of insurance on property destroyed by fire	8,500.00	
		$49,564.36
Remainder—Net Revenue for the Year Ended December 6, 1934, Taxable by the Maryland Racing Commission		**$62,595.44**
License Fee or Tax of 15% of Net Taxable Revenue for the Year Ended December 6, 1934		**$9,389.32**

CERTIFICATE

MARYLAND RACING COMMISSION:

We have examined the accounts of The Southern Maryland Agricultural Association of Prince George's County, Maryland, for the year ended December 6, 1934, and in our opinion the above statement sets forth the net revenue for the year ended that date which is taxable by the Maryland Racing Commission, and the tax computed thereon.

(Signed) HASKINS & SELLS.

Baltimore, December 22, 1934.